GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:387
ANSWERED ON:15.12.2000
NPAS OF FINANCIAL INSTITUTIONS
SUSHIL KUMAR INDORA;ZORA SINGH MANN

Will the Minister of FINANCE be pleased to state:

(a) whether the value of the non-performing assets of Government Financial Institutionshas been continuousiy increasing for the last three years:

(b) if so, the value of the said assets during the years 1997-98, 1998-99 and 1999-2000, financial institu tion-wise;

(c) the amount released during each of the above mentioned years by disposing of the NPAs, year-wise;

(d) the year-wise amount treated as bad-debt during each of the above mentioned years;

(e) whether the Government have black-listed some companies for diverting the loans in violation of norms;

(f) if so, the details of these companies; and

(g) The steps taken by the Government to recover the NPAs of financial institutions?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) and (b) Net Non Performing Assets (NPAs) of Industrial Development Bank of India (IDBI)IFCI Ltd., ICICI Ltd., Small Industries Development Bank of India (SIDBI), and IndustrialInvestment Bank of India (IIBI) for the financial years ending March 1998, 1999 and 2000 are as under :-

(Rs. Crores)

SI. No.	Institution	March 1998	March 1999	March 2000
1.	IDBI	5101	6490	7675
2.	ICICI Ltd.	2811	3733	3959
3.	IFCI	2663	4258	4103
4.	IIBI	302	480	641
5.	SIDBI	263.67	192.00	196.85

(c) and (d) There is no practice of identifying an asset as bad debt due to non-recovery of dues. As and when an Asset, on completion of 180 days, starts defaulting on interest payment and/or, on completion of 365 days, starts defaulting on principal, it is classified as NPAs. Amount realised out of NPAs is mostly through One Time Settlement {OTS). The amount received out of OTS cases during the last three years is as under :-

(Rs. Crore)

SI. No.	Institution	1997-1998	1998-1999	1999-2000
1.	IDBI	91.40	131.60	281.50
2.	ICtCl Ltd	255.00	321.00	470.00
3	IFCi	138.9	386.4	N.A
4.	MBI	22.65	35.53	46.17
5.	SIDBI	Nil	71.16	417.32

(e) and (f) The policy for dealing with cases of default including diversion funds etc., is laid down by the Boards of Financial Institutions (Fls) themselves and action for blacklisting for diversion and other defaults is taken by the Fis as per their policy based on facts and circumstances of individual cases. Some business groups assisted by financial institutions have over stretched their financial condition in attempting to capitalize on diverse business opportunities, there by losing focus on their core business, by temporary or permanent diversion of funds. Fls direct such companies to bring back the funds and in case of non- compliance, take necessary aGtion against them to realize their dues in case of default. However, in accordance with the practices and usage customary amongst public financial institutions and in conformity with the provisions of statutes governing public Fls as also the provisions of Public Fls (obligation as to Fidelity and Secrecy) Act, 1983, further details relating to individual constituents cannot be divulged.

(g) The Government of India and RBI have advised banks/Fls to take various steps for recovery of their dues, such as framing and implementation of a Recovery of Policy, filing suits with civil courts, filing cases with Debt Recovery Tribunals, compromise settlements through Settlement Advisory Committees and monitoring and follow-up of non-performing accounts.